

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 2037 – HB 2547**

April 17, 2018

**SUMMARY OF ORIGINAL BILL:** Decreases, from \$268 to \$100, the total lifetime handgun carry permit fee required for honorably discharged retired military service members with at least 20 years of service. Decreases, from \$200 to \$100, the fee for such retired military personnel to upgrade to a lifetime handgun carry permit.

**FISCAL IMPACT OF ORIGINAL BILL:**

Decrease State Revenue –

Net Impact – \$113,500/Each FY18-19 through FY25-26/  
Department of Safety

Net Impact – \$109,000/FY26-27 and Subsequent Years/  
Department of Safety

**SUMMARY OF AMENDMENTS (013236, 017501):** Amendment 013236 deletes and rewrites all language after the enacting clause such that the only substantive change is changing the effective date from upon becoming law to January 1, 2019.

Amendment 017501 deletes and replaces language from amendment 013236 such that the only substantive change is to change the effective date from January 1, 2019 to March 1, 2019.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

Decrease State Revenue –

Net Impact – Exceeds \$37,800/FY18-19/Department of Safety

Net Impact – Exceeds \$113,500/Each FY19-20 through FY25-26/  
Department of Safety

Net Impact – Exceeds \$111,900/FY26-27/Department of Safety

Net Impact – Exceeds \$109,000/FY27-28 and Subsequent Years/  
Department of Safety

Assumptions for the bill as amended:

- Any overall impact on the number of handgun carry permits issued is estimated to be not significant.
- The current fee for a regular eight-year handgun carry permit for military veterans is \$68; the current fee for renewal is \$50.
- The current lifetime permit fee for retired military veterans is \$268; the current fee to upgrade to a lifetime permit is \$200.
- A \$100 initial fee or a \$100 upgrade fee will be charged to qualifying veterans under this legislation.
- According to the Department of Safety (DOS), there are approximately 14,210 veterans that currently hold a handgun carry permit.
- Based on information provided by DOS, approximately 2,354 veterans currently hold a lifetime carry permit.
- It is unknown how many of those currently holding a regular permit would meet the requirements of 20 years of service; additionally it is unknown how many additional veterans who currently hold a permit will qualify each year; however, it is reasonably assumed that approximately 1,000 veterans will renew permits each year that qualify for the reduced fee.
- It is reasonably assumed that at least one-half, or 500 (1,000 x 50%) of these veterans each year would have upgraded to a lifetime permit under current law upon the expiration of their current permit.
- An eight-year renewal cycle.
- The decrease in state revenue to DOS is estimated to exceed \$50,000 (\$100 decrease x 500) each year over the eight year period beginning in March 2019 and ending in February 2027.
- Of the remaining 500, it is assumed that one-half, or 250 (500 x 50%), will continue to renew at the \$50 rate, while the remaining 250 will upgrade to a lifetime permit due to the reduced rate of \$100 under this legislation.
- An eight-year renewal cycle.
- This will result in an increase in state revenue to DOS of \$12,500 (\$50 x 250) each year over the eight-year period beginning in March 2019 and ending in December 2026.
- Beginning March of 2027 and in subsequent years there will be an annual decrease in state revenue of \$12,500 from those permit holders no longer renewing their permits.
- The precise number of new applicants for a handgun carry permit who will qualify for the reduced rate each year is unknown; however it is reasonably assumed that at least 1,000 new applicants will qualify.
- It is reasonably assumed that at least one-half, or 500 (1,000 x 50%) of these veterans would have obtained a lifetime permit under current law.
- A \$168 decrease in initial permit fees.
- The recurring decrease in state revenue to DOS is estimated to exceed \$84,000 (\$168 decrease x 500) beginning in March 2019.
- Of the remaining 500, it is assumed that one-half, or 250 (500 x 50%), will continue to obtain a permit at the \$68 rate, while the remaining 250 will obtain a lifetime permit due to the reduced rate of \$100 under this legislation.

- This will result in an increase in state revenue to DOS of \$8,000  $[(\$100 - \$68) \times 250]$  each year over the eight-year period beginning in March 2019 and ending in February 2027.
- Beginning March of 2027 and subsequent years there will be an annual decrease in state revenue of \$12,500 ( $\$50 \text{ renewal fee} \times 250$ ) from those permit holders no longer renewing their permits.
- The total net recurring decrease in state revenue to DOS beginning in March 2019 and ending in February 2027 is estimated to exceed \$113,500  $(\$84,000 + \$50,000 - \$12,500 - \$8,000)$ .
- The first year impact in FY18-19 is a one-third year impact due to the new effective date of March 1, 2019. The total net decrease in state revenue to DOS in FY18-19 is estimated to exceed \$37,830  $(\$113,500 \times 33.33\%)$ .
- The total net decrease in state revenue to DOS each year beginning FY19-20 through FY25-26 is estimated to exceed \$113,500.
- Beginning March of 2027, the net recurring decrease in state revenue to DOS is estimated to exceed \$109,000  $(\$84,000 + \$12,500 + \$12,500)$ .
- The first year impact in FY26-27 is a one-third impact due to the new effective date of January 1, 2019. The total net decrease in state revenue in FY26-27 is estimated to exceed \$111,920  $[(\$113,500 \times 66.66\%) \text{ first eight months} + (\$109,000 \times 33.33\%) \text{ last four months}]$ .
- The total net decrease in state revenue to DOS in FY27-28 and subsequent years is estimated to exceed \$109,000.
- The Department of Safety may experience a decrease in state expenditures beginning in FY26-27 due to processing fewer applications; however, any such decrease is estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/rbp